



INDIANA STATE BOARD OF EDUCATION

TO: Indiana State Board of Education
FROM: Alicia Kielmovitch, Public Policy Fellow
RE: Summary of the 2017 Legislative Session
DATE: May 2, 2017

Summary: This memorandum offers a summary of the 2017 legislative session, focusing on education bills in the House and Senate. It highlights bills related to the Board's priorities, assessments, and this session's hot topics. The biennial budget also passed during this session, so funding priorities from that are also included. This memorandum presents summaries of the final version of bills, as well as how the statutory changes will impact the Board.

Board's Legislative Priorities:

- Prekindergarten education – HEA 1004. Expanding prekindergarten access in Indiana was a key goal of Gov. Eric Holcomb and other lawmakers for this session. The current Pre-K pilot serves around 2,000 low-income students in five counties (Allen, Jackson, Lake, Marion, and Vanderburgh) with \$10 million in state-funding. HEA 1004 expands state funding to \$22 million and to 20 counties total. Any of the state's 92 counties are eligible to apply to be included in the expansion, with rural counties receiving prioritization. The final bill included a provision to ensure that the funding for the original five pilot counties will not decrease from their current levels.

A provider may receive state funds if it meets the standards of quality of a Level 3 or Level 4 Paths to Quality program rating. No more than 20% of the funding may be used for capacity-building (both raising programs to a Level 3 or 4 and creating more seats in current Level 3 and 4 programs). To qualify for Indiana's preschool program, a family of four must earn 127% of the federal poverty level or less (about \$30,861). The legislature chose this income level to allow providers to braid funding from both the state funds for Pre-K and from federal funds for the Child Care Development Funds.

The compromised bill included a key aspect from the Senate and House versions, respectively: Under the budget, \$1 million of the Pre-K funding is dedicated to reimbursing families who use an in-home, online preschool program. Priority would be given to parents of children who live in counties with no high-quality preschool providers, and the state agrees to study the online programs. The House's inclusion of the limited voucher "pathway" in final bill was heavily negotiated. If a child uses a preschool scholarship to go to a program at a private school that accepts vouchers, they could then automatically receive a voucher for kindergarten provided they stay at the same school.

- Character education. No bills were introduced during the 2017 session that aligned with this priority. However, the Department of Workforce Development (DWD) is still pursuing the Work Ethic Certificate. The State Workforce Innovation Council held a meeting discussing this on February 8.
- Textbook fees – HB 1568. This bill, introduced by Rep. Hatfield, would have required public schools to provide curricular materials to students at no cost. Additionally, it would have established the curricular materials fund to provide state reimbursements for costs incurred by public schools. After first reading, the bill was referred to the House Education Committee. It was not taken up by the Committee for a hearing or discussion.

Assessments – HEA 1003:

- Overview of the bill. Beginning in the 2018-19 academic year, a new statewide assessment program, to be known as Indiana's Learning Evaluation Assessment Readiness Network (ILEARN), will replace ISTEP. ILEARN will include an end-of-year test for grades 3 thru 8 in math and English/language arts. Science will be tested at least once in grades 3 thru 5, grades 6 thru 9, and grades 10 thru 12. Additionally, US history or government must be assessed at least once in grades 5 thru 8. For high school assessments,



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ILEARN moves to end-of course assessments for 10th grade English/language arts, Biology, and Algebra I; there is an optional end-of-course assessment for US government, as well. The assessments must allow the Department and Board to compare the proficiency of Indiana students to the proficiency of students in other states. The statewide assessment must be administered in a single testing window at the end of the school year. Assessment results must be reported to the Board no later than August 14, 2019 for the 2018-19 academic year and July 1 for each school year thereafter.

The bill makes significant changes to the state's graduation requirements. Rather than having end-of-course assessments serve as the "graduation exam," the bill specifies that each student must demonstrate college or career readiness through a graduation pathway established by the Board in order to graduate. The end-of-course assessments will be used for federal accountability purposes, but the graduation pathways will be used for student graduation requirements. HEA 1003 also changes the timeline for end-of-course assessments.

While teacher evaluations still must include test scores in some way, the bill gives some flexibility to districts as to specifically how to incorporate them. Current law says ISTEP scores must "significantly inform" evaluations. HEA 1003 includes language that would allow school corporations to revise their teacher evaluation plans for 2017-18 with regards as to how to include ISTEP results. Additionally, the Department will develop and implement programs and policies to continuously improve teachers' understanding and use of data and assessment results to improve student growth and proficiency. The Department will also establish requirements for teacher preparation programs to improve prospective teachers' assessment literacy skills.

- Board's role under HEA 1003. This bill includes several new responsibilities for the State Board:
 - **ILEARN.** The Board will authorize and oversee the Department of Education's development and implementation of ILEARN, including the criteria for requests for proposals for the assessments. The Board is responsible for determining the appropriate subjects, content, grades, and format of the assessments (provided it meets federal and state law).
 - **Passing scores.** The Board will select independent experts to determine the statistically valid and reliable methods for setting passing scores.
 - **Testing dates.** The Board will determine the dates for the statewide assessments.
 - **Graduation pathways.** The Board, in consultation with DWD and the Commission for Higher Education (CHE), will establish graduation pathways for students to demonstrate their college or career readiness. The pathways must meet the Core 40 course and credit requirements. A graduation pathway may include the following options (if approved by the Board):
 - End-of-course assessments;
 - International baccalaureate exams;
 - Nationally-recognized college entrance assessments (if the Board establishes a this as a graduation pathway requirement, this exam must be offered during the normal school day);
 - Advanced placement exams;
 - Assessments necessary to receive college credit for dual credit courses;
 - Industry-recognized certificates; and
 - The Armed Services Vocational Aptitude Battery (ASVAB).
- The Board may also approve any additional pathways it sees fit.
- **US Government end-of-course assessment.** The Board will develop this assessment that schools *may* administer at the completion of the US government course. The exam must include the structure of state and federal governments, including the role of separation of powers, the freedoms guaranteed by the Bill of Rights of the Constitution of the United States, and the Federalist Papers.
- **Benchmark assessments.** The Board will approve two or more benchmark assessments aligned to Indiana's academic standards. It is optional for schools and districts to administer these assessments, but they will receive reimbursement from the Department for the cost.
- **Rulemaking authority.** The Board will adopt rules to implement this bill.



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Biennial Budget:

- Tuition support. For FY 2017-18, \$7.041 million was appropriated. For FY 2018-19, \$7.16 million was appropriated. This increases funding by about 3.3% (about \$345 million) from 2017 to 2019. Specifically, a 2.5% average increase for per pupil funding to \$6,709 in the foundational tuition support by 2019; current per pupil funding is \$6,540. Under the budget, districts will see their foundational tuition support increase across the board; the funding for complexity grants will remain at the same level. Districts serving high concentrations of low-income students will see their overall funding increase, but districts with falling enrollment numbers could see a decrease in their state funding.
- Teacher Appreciation Grants. This replaces the Teacher Performance Grants of the past two years and increases money for this teacher bonus program. Each fiscal year, \$30 million is appropriated for these grants. The performance grants were awarded base on teacher evaluation scores. The state will distribute \$30 per student to each district. Districts will award the bonus among teachers rated “effective” or “highly effective.” The bonus must have at least a 25% difference between “effective” and “highly effective” teachers. The appreciation grants will be awarded to teachers based on policies developed by an individual school district. The district policies for this grant could take into consideration school conditions – potentially awarding more money to teachers at Title I schools.
- Charter and Innovation Network School Grant Program. The legislature appropriated \$15 million for both FY 2017-18 and FY 2018-19.
- Vouchers. The legislature appropriated \$156 million for vouchers in FY 2017-18 and \$167 million for the program for FY 2018-19.
- English language learners. The appropriations for this program is \$14.9 million for FY 2017-18 and \$17.4 million for FY 2018-19 – an increase from the \$20 million in appropriations in the last budget. The grant allocates \$250 per English-learner student in 2017-18 and \$300 per student in 2018-19. Schools with higher concentrations of English learners would also receive additional funding.
- Assessments. The budget appropriates \$26.3 million per year for testing and \$12.3 million per year for remediation testing. An additional \$10.4 million for Advanced Placement tests and \$4.1 million for PSAT tests were included, as well.
- Total education spending. Over the next two years, state spending on education will total about \$14.2 billion.

Other major bills:

- Charter Schools – HEA 1382. This bill encompasses numerous provisions relating to charter schools and authorizers. One that has a directly impact on the Board’s work is around the renewal of failing charter schools. Authorizers will be able to petition the Board to request permission to renew a charter school that does not meet the minimum standard for renewal. The Board will consider the enrollment of students with special challenges, mobility of the student population, and the growth and improvement in the performance of students annually. The Board then decides either to renew the school (and for how long), to close the school, or to reduce the administrative fee. If any authorizer renews the charter, fails to close, or grants a new charter to a school that the Board has ordered closed, their authority to authorize new charter schools may be suspended by the Board. Although not directly impacting the work of the Board, the bill does redefine “virtual charter school” to mean more than 50% of the instruction is provided through technology. As well, a virtual charter school must adopt a student engagement policy regarding participation and attendance. The final provision that may affect the Board is regarding licenses in charter schools. Under this bill, 90% of the full time teachers must either hold any license or permit described in Indiana code or rules adopted by the Board concerning teacher licenses.
- Private schools and vouchers – HEA 1384. Similar to HEA 1382, HEA 1384 covers a wide swatch of educational issues and code. Those that may impact the Board will be highlighted. One such issue is



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around the accreditation of nonpublic schools. Under this bill, the Board may accredit a nonpublic school at the time operation begins in Indiana, rather than waiting to accredit until the school has been operational for at least a year, as is current law. As well, the Board may accredit a nonpublic school that becomes and complies with the terms of a freeway school. Before July 1, 2018, the Board will establish a definition of a high mobility school for schools with a high concentration of mobile students. The Department will then report the performance of high mobility schools. In developing categories under the A-F accountability scale, the Board will also consider the mobility of high school students who are credit deficient and whether any high school should be rewarded for enrolling credit deficient students or penalized for transferring out credit deficient students. Eligible choice scholarship schools may request the Board to waive or delay the suspension of enrolling new choice scholarship students after two consecutive years of receiving a D or F grade. The state board may grant this request if the school demonstrates that a majority of students demonstrated academic improvement during the preceding school year. A waiver or delay is for one school year only.

- Superintendent of Public Instruction – HEA 1005. After much back and forth between the Senate and the House, HB 1005 was taken up in the Senate, under the condition that it conclude substantial changes in the language. Those changes included pushing back the date of appointment of a Secretary of Education to 2025 and qualification requirements – such as residency in Indiana for at least two years prior to appointment, demonstration of personal and professional leadership, possession of an advanced degree, and either currently employed as a teacher, principal, or superintendent or at least five years of work experience as a teacher, principal, superintendent, or executive in the field of education.
- Education matters – SEA 108. Similar to HEAs 1382 and 1384, this bill encompassed many topics, but those directly impacting the Board’s work will be highlighted. An initial school improvement plan must be established and approved by the governing body no later than August 1 of the school year in which the plan is to be implemented. A tangential impact is that the Indiana Education Employment Relations Board (IEERB) must publish a model compensation plan with a model salary range that a school corporation may adopt. (Under current law, the department of education publishes and oversees the model compensation plan and local compensation plans.) The Department, in collaboration with the Board, is to prepare and submit a report that includes recommendations regarding teacher evaluations to the general assembly by November 1, 2017.
- Career and technical education – SEA 198. This bill was another priority for Gov. Holcomb and his workforce agenda. As the Board oversees the federal Perkins program, which funds career and technical education (CTE), the Board will use data from DWD in developing and implementing certain plans, recommendations, and other matters relating to career and technical education. DWD, with the review and approval of the Board, will designate each career and technical education program (e.g., apprenticeship, work-based learning, high-value, moderate-value, or introductory program). By December 1, 2017, and each December 1 thereafter, DWD will report to the Board a list of CTE courses for the next school year, as well as the labor market demand, the average wage, and any other pertinent information DWD uses to designate a program. By January 1, the Board will review and approve the report at a public meeting. The bill specifies the requirements for the award of a high value workforce ready credit-bearing grant and a high value workforce ready noncredit-bearing grant. It also establishes the workforce ready grant program implementation fund, administered by the DWD and CHE. The governor's office will develop a comprehensive workforce development plan with assistance of DWD, CHE, and the Board.
- Distressed places – SEA 567. Similar to bills above, this bill covers numerous topics and issues; those that have a direct or tangential impact on the Board’s work will be highlighted. The bill designates the Gary Community School Corporation (GCSC) as a distressed political subdivision and specifies the powers and duties of the emergency manager appointed for GCSC. It also establishes the fiscal management board for GCSC, which will make recommendations to the emergency manager. The Board has the authority to



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appoint one of the members of this board. The emergency manager for GCSC will employ a chief financial officer and chief academic officer for the school corporation. The emergency manager must consult with the governing body of the school corporation, the fiscal management board, and the mayor of the city of Gary in developing the school corporation's annual budget, which DUAB must review and approve. The annual budget adopted by the emergency manager for the school corporation must dedicate a significant portion to eliminating the school corporation's debt obligations. During the period after the effective date of the bill and before an emergency manager is appointed, the financial specialist appointed for GCSC may identify and implement labor force reductions, and the governing body may not enter into or renew any contract unless it is first approved by DUAB. The bill designates the Muncie Community Schools (MCS) as a fiscally impaired school corporation. DUAB will appoint an emergency manager for the school corporation, which could be the superintendent of the school on a temporary basis (no more than 6 months). The MCS emergency manager may negotiate and enter into labor contracts and collective bargaining agreements and implement a deficit reduction plan. DUAB will hold a public hearing not later than December 1, 2017, to determine if MCS should be designated as a distressed political subdivision effective January 1, 2018.

- Course Access Programs – HEA 1007. The Department will authorize course providers across the state to offer course access program courses that provide for the delivery of instruction through any method, including online technologies. The Department will oversee the program, approve courses offered in the program, and maintain a course access program catalog. Under this legislation the Department will also negotiate a tuition fee for each offered course. A school corporation may disapprove a student's enrollment in a course access course if it is not in furtherance of the eligible student's graduation requirements, exceeds a normal full course load, or is logistically infeasible.
- School Financial Management – HEA 1009. This bill eliminates various dedicated funding strands and moves these funds to an education fund and an operations fund. Effective January 1, 2019, this bill eliminates the school general fund and creates two new funds: an education fund to be used exclusively to pay expenses allocated to student instruction and learning and an operations fund, which encompasses the capital projects fund, the transportation fund, the school bus replacement fund, an art association or a historical society fund, and the public playground fund. The balance in the school corporation's general fund will be transferred to the education fund as of January 1, 2019. School corporations may transfer funds between the education and operations funds. Money transferred from the operations to the education fund is not revenue for purposes of collective bargaining.
- Teacher induction pilot program – HEA 1449. This bill establishes the Indiana new educator induction program to give new teachers, principals, and administrators mentoring support and the Indiana educator residency pilot program. By July 1, 2018, and each July thereafter, the Board will submit a report to the governor and the general assembly regarding the status of the program. However, this program did not receive any funding in the budget (this funding was traded for the Teacher Appreciation Grants), so it lacks any means for implementation.
- School curriculum – SEAs 29 and 337. Both of these bills require schools to offer the following courses to high school students: Indiana studies (SEA 29) and ethnic studies (SEA 337). Both allow for these courses to be offered through a course access program administered by the Department. SEA 29 also mandates the Department to survey teachers, administrators, and local school boards on whether they are in favor or opposed to mandatory instruction of cursive writing.